

**AMBULANCE REVENUE and COST REPORT**  
**FIRE DISTRICT and SMALL RURAL COMPANY**

**Arizona Department of Health Services**  
**Annual Ambulance Financial Report**

**BULLHEAD CITY FIRE DEPARTMENT**  
Reporting Ambulance Service

Address: 1260 HANCOCK ROAD

City: BULLHEAD CITY Zip: 86442

**Report Fiscal Year**

From: July 1, 2014 To: June 30, 2015  
Mo. Day Year Mo. Day Year

*I hereby verify that I have directed the preparation of the enclosed annual report in accordance with the reporting requirements of the State of Arizona.*

*I have read this report and hereby verify that the information provided is true and correct to the best of my knowledge.*

*This report has been prepared using the accrual basis of accounting.*

Authorized Signature: \_\_\_\_\_

Date: 12/18/15

Print Name and Title: \_\_\_\_\_

RICK SOUTHEY, FIRE CHIEF

Phone: \_\_\_\_\_

928-758-3971

Mail to:

Department of Health Services  
Bureau of Emergency Medical Services  
Certificate of Necessity and Rates Section  
150 North 18th Avenue, Suite 540  
Phoenix, AZ 85007-3248  
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# AMBULANCE REVENUE AND COST REPORT

## FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY: BULLHEAD CITY FIRE DEPARTMENT

FOR THE PERIOD FROM: July 1, 2014 TO: June 30, 2015

### STATISTICAL SUPPORT DATA

Line No.	DESCRIPTION	(1) SUBSCRIPTION SERVICE TRANSPORTS	*(2) TRANSPORTS UNDER CONTRACT	(3) TRANSPORTS NOT UNDER CONTRACT	(4) TOTALS
1	Number of ALS Billable Transports:			4,487	4,487
2	Number of BLS Billable Transports:			2,244	2,244
3	Number of Loaded Billable Miles:			122,319.5	122,319.5
4	Waiting Time (Hr. & Min.):				0
5	Canceled (Non-Billable) Runs:				342

### AMBULANCE SERVICE ROUTINE OPERATING REVENUE

6	ALS Base Rate Revenue			\$	4,752,961
7	BLS Base Rate Revenue				2,433,483
8	Mileage Charge Revenue				1,946,678
9	Waiting Charge Revenue				0
10	Medical Supplies Charge Revenue				
11	Nurses Charge Revenue				
12	Standby Charge Revenue (Attach Schedule)				
13	TOTAL AMBULANCE SERVICE ROUTINE OPERATING REVENUE			(Post to Page 3, Line 1) \$	9,133,122

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### SALARY AND WAGE EXPENSE DETAIL

#### GROSS WAGES:

\*\* No. of FTE's

14	Management		\$	193,981	
15	Paramedics and IEMTs		\$	994,201	
16	Emergency Medical Technician (EMT)		\$	696,293	
17	Other Personnel		\$	281,943	
18	Payroll Taxes and Fringe Benefits - All Personnel		\$	810,156	
19	Total Wages, Taxes & Benefits (Sum Lines 14 through 18; Post to Page 3, L		\$	2,976,574	

\* This column reports only those runs where a contracted discount rate was applied.

\*\* Full-time equivalents (F.T.E.) is the sum of all hours for which employees wages were paid during the year divided by 2080.

1. The first part of the document is a list of the names of the members of the committee who have been appointed to the various sub-committees. The names are listed in alphabetical order of the last name.

# AMBULANCE REVENUE AND COST REPORT

## FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY:

BULLHEAD CITY FIRE DEPARTMENT

FOR THE PERIOD

FROM: July 1, 2014

TO: June 30, 2015

### SCHEDULE OF REVENUES AND EXPENSES

Line No.	DESCRIPTION		
<b>Operating Revenues:</b>			
1	Total Ambulance Service Operating Revenue	(From: Page 2, Line 13)	\$ <u>9,133,122</u>
<u>Settlement Amounts:</u>			
2	AHCCCS		<u>823,912</u>
3	Medicare		<u>2,889,362</u>
4	Subscription Service		
5	Contractual		
6	Other		
7	Total	(Sum of Lines 2 through 6)	<u>3,713,274</u>
8	Total Operating Revenue	(Line 1 minus Line 7)	\$ <u>5,149,848</u>
<b>Operating Expenses:</b>			
9	Bad Debt		\$ <u>985,164</u>
10	Total Salaries, Wages, and Employee-Related Expenses	(From: Page 2, Line 19)	<u>2,976,574</u>
11	Professional Services		<u>185,891</u>
12	Travel and Entertainment		<u>2,013</u>
13	Other General Administrative		<u>74,128</u>
14	Depreciation		<u>109,202</u>
15	Rent / Leasing		<u>383</u>
16	Building / Station		<u>94,365</u>
17	Vehicle Expense		<u>234,154</u>
18	Other Operating Expense		<u>527,082</u>
19	Cost of Medical Supplies Charged to Patients		<u>135,003</u>
20	Interest		<u>20,558</u>
21	Subscription Service Sales Expense		
22	Total Operating Expense	(Sum of Lines 9 through 21)	<u>5,344,517</u>
23	Total Operating Income or (Loss)	(Line 8 minus Line 22)	\$ <u>(194,669)</u>
24	Subscription Contract Sales		
25	Other Operating Revenue		<u>65,508</u>
26	Local Supportive Funding		
27	Other Non-Operating Income (Attach Schedule)		
28	Other Non-Operating Expense (Attach Schedule)		
29	NET INCOME or (LOSS) Before Income Taxes	(Sum of Lines 23 through 27, minus Line 28)	\$ <u>(129,161)</u>
<b>Provision for Income Taxes:</b>			
30	Federal Income Tax		
31	State Income Tax		
32	Total Income Tax	(Line 30, plus Line 31)	
33	Ambulance Service Net Income (Loss)	(Line 29, minus Line 32)	<u>(129,161)</u>



**BULLHEAD CITY FIRE DISTRICT**

**FINANCIAL STATEMENTS**

**June 30, 2015**

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**Saunders Company, Ltd.  
6008 West Cortez Street  
Glendale, Arizona 85304  
Fax 602-926-2431  
Phone 623-476-8660**

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**BULLHEAD CITY FIRE DISTRICT**  
**BULLHEAD CITY, ARIZONA**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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BULLHEAD CITY, ARIZONA  
FINANCIAL STATEMENTS  
JUNE 30, 2015**

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# **SAUNDERS COMPANY, LTD**

**JAMES H. SAUNDERS, CPA, CFE, CFF, CGFM, CGMA, PI.**  
**TRICIA E. SAUNDERS, PI.**

CERTIFIED PUBLIC ACCOUNTANT  
CERTIFIED FRAUD EXAMINER  
CERTIFIED GOVERNMENT FINANCIAL MANAGER  
LICENSED PRIVATE INVESTIGATORS #01534603, # 1003706  
CERTIFIED IN FINANCIAL FORENSICS  
CHARTERED GLOBAL MANAGEMENT ACCOUNTANT

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Member: American Institute of Certified Public Accountants  
Arizona Society of Certified Public Accountants

International Association of Certified Fraud Examiners

Arizona Association of Licensed Private Investigators  
Arizona Association of Certified Fraud Examiners

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of the District Board  
Bullhead Fire District  
Bullhead, Arizona

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bullhead Fire District, Bullhead, Arizona, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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## INDEPENDENT AUDITOR'S REPORT

6/30/2015

Page 2

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bullhead Fire District, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Legal and Regulatory Requirements

Arizona Revised Statutes require disclosure of certain additional supplementary information required to comply with section 48-251 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by statute as an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

***Saunders Company, Ltd.***

Glendale, Arizona  
December 28, 2015

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# **Bullhead City Fire District**

## **Management's Discussion and Analysis of Basic Financial Statements June 30, 2015**

The following discussion and analysis of the Bullhead City Fire District's (District) financial performance presents management's overview of the District's financial activities for the year ended June 30, 2015. Please read it in conjunction with the District's basic financial statements which begin immediately following this analysis. This annual financial report consists of two parts, Management's Discussion and Analysis and the Basic Financial Statements.

### **Nature of Operations**

The Bullhead City Fire District provides fire suppression/prevention, emergency medical services, and all risk hazard mitigation to homes, property and persons residing within or traveling through the District boundaries, as well as locations and persons outside the District thru mutual aid agreements and fees for service. The Fire Prevention Bureau does fire safety inspections of area businesses and plan reviews for new construction.

### **Results of Operations**

During this fiscal year the Department responded to 10,283 calls. Of those, 9,291 were EMS calls which resulted in 6,790 ambulance transports. The revenue generated by those transports was \$9,153,147 with mandatory write-offs (Medicare, Insurance, MediCal and AHCCCS) of \$3,713,274 (40.57%). Additional bad-debt write-offs totaled \$985,164 (10.76%). Ambulance revenue received in FY 2014-15 was \$4,897,880 for a collection rate of 53.5% after mandatory and bad -debt write-off.

The Fire Prevention Bureau performs building plan reviews and inspects commercial buildings and public events for safety. \$16,560 was received for permits and fees in fiscal year 2014-15. The fire hydrants in the district are either dedicated after acceptance to or purchased by the fire district and all are maintained by fire department personnel. \$115,000 including salary is budgeted each year for this purpose.

Fire Department personnel are also very active in public education, both in the schools and in the adult community. Several employees deliver the fire safety message through clown and puppet shows that are presented to the elementary school children twice each year. A Fire Prevention Fair is held each October and many hours of labor are dedicated by BCFD employees and other members of the community to make this safety event a success.

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The District has a "red card team" who is specially trained in wild land firefighting. \$22,694.20 was received in FY 2014-15 from the Arizona State Land Department for our response to fires throughout the State from outstanding invoices from FY 2013-14. \$11,857.08 was billed in FY 2014-15 for wildland fires responded to in FY 2014-15.

Changes were made to the District's vehicle fleet with the purchase of a 2015 Chevrolet Refurbished Ambulance and a 2015 Nissan Van and the disposal of a 2004 Interstate Trailer used as a HazMat Trailer.

Other equipment purchased by the District during FY 14-15 includes battery operated extrication equipment, CCT transport ventilators, refurbished cardiac monitors, a PortaCount respirator FIT tester, a pump test tank, sound system, and a station alerting system for all stations.

#### **Financial Highlights**

- λ District investment in capital assets decreased by \$118,904 or 1.32%.
- λ The District's net position decreased \$13,248,053 or 126.80% from the previous fiscal year.
- λ Total revenues decreased \$103,676 or 0.78% over the previous fiscal year.
- λ At the end of the current fiscal year, unrestricted net position for the Governmental activities was \$(10,961,507).

In FY 2014-15, the District purchased Smoke Alarms in the amount of \$21,375 as the result of a grant award from FEMA and the U.S. Department of Homeland Security through the FY 2013 Assistance to Firefighter Grant Program.

In FY 2014-15, the District Was awarded a grant from FEMA and the U.S. Department of Homeland Security through the FY 2014 Assistance to Firefighter Grant Program. The grant funds in the amount of \$703,640 will be used to purchase and install, in FY 2015-16, a regional video conferencing system encompassing nine (9) fire districts in the State.

In FY 2014-15, the District entered into an Intergovernmental Agreement (IGA) with Mohave Valley Fire District to provide Ambulance Billing Services. Services were billed for only a portion of the fiscal year, which resulted in the District receiving \$16,533 in fees from Mohave Valley Fire District.

Changes in District fleet vehicles for FY 2014-15 included the purchase of one (1) 2015 Chevrolet Refurbished Ambulance for \$89,664, one (1) 2015 Nissan Van for \$24,870 and the disposal of one (1) 2004 Interstate Trailer used by the HazMat Team. The trailer was donated to Kingman FD who is taking over the HazMat Team for Mohave County.

Equipment purchased by the District in FY 2014-15 included battery operated extrication equipment, CCT Transport Ventilators (2), three (3) refurbished cardiac monitors, a

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PortaCount respirator FIT tester, pump test tank, sound system, and a station alerting system for a total of \$504,054.

Station improvements were completed during FY 2014-15 at Stations 1, and 2. Improvements at Station 1 included remodel to the duty crew upstairs bathroom. Improvements at Station 2 included mechanic backbay remodel, concrete driveway addition, and roof repair and sealing. The cost of all station improvements for FY 2014-15 was \$87,351. Additional station improvements totaling \$13,795 were completed but are not listed on the depreciation schedule as they did not meet the threshold limit for inclusion.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The main purpose of these statements is to provide the reader with sufficient information to assess whether or not the District's overall financial position has improved or deteriorated.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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### Net Position June 30, 2015

	BALANCE 06/30/14	BALANCE 06/30/15
Invested in Capital Assets, Net of related Debt	\$ 7,997,546	\$ 8,156,693
Restricted	3,732	5,139
Unrestricted	2,447,100	(10,961,507)
<b>Total Net Position</b>	<b>\$ 10,448,378</b>	<b>\$ (2,799,675)</b>

### Governmental Activities

Most of the revenues for the District were derived from assessed property taxes. In FY 2014-15 the assessed value of the District decreased by approximately 2.7% from the prior year. The levy rate was increased from \$2.84 to \$2.96 per hundred dollars of assessed value. Approximately 37.5% of the District revenue was derived from the operation of the ambulance service.

### General Fund Budgetary Highlights

The District ended the FY 2014-15 with a carryover revenue amount of \$2,358,014. Of that amount \$1,325,000 was reserved funds carried forward for severance reserve, reserved payroll, air packs, apparatus and contingency funds and grant matching funds.

### Capital Assets

In order to continue to provide the best service possible, the District spends a portion of the budget on fixed asset acquisition and capital projects. For fiscal year ending June 30, 2015, the District purchased \$705,938 in capital assets. Those assets include:

- λ Two (2) CCT Transport Ventilators
- λ Three (3) Refurnished Cardiac Monitors
- λ Battery Operated Extrication Equipment
- λ Porta Count-Respirator FIT Tester
- λ Pump Test Tank
- λ Sound System
- λ Station Alerting System
- λ One (1) 2015 Chevy Refurbished Ambulance
- λ One (1) 2015 Nissan Van

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**Capital Assets, Net of Depreciation June 30, 2015**

	<u>BALANCE</u> <u>06/30/2014</u>	<u>BALANCE</u> <u>06/30/2015</u>
<u>Depreciable Assets</u>		
Vehicles	\$5,996,977	\$ 6,111,510
Buildings	7,323,824	7,411,175
Equipment, Fire	<u>2,813,532</u>	<u>3,304,189</u>
Total Historical Costs	<u>16,134,333</u>	<u>16,826,874</u>
Less Accum Depreciation		
Vehicles	3,080,372	3,458,850
Buildings	2,594,022	2,805,499
Equipment, Fire	<u>1,764,635</u>	<u>1,986,125</u>
Less: Total Accumulated Depreciation	<u>7,439,029</u>	<u>8,250,474</u>
Depreciable Capital Assets, Net	8,695,304	8,576,400
<u>Non-Depreciable Assets</u>		
Land	<u>299,339</u>	<u>299,339</u>
Capital Assets, Net	<u>\$8,994,643</u>	<u>\$ 8,875,739</u>

**Long Term Debt**

At the end of the current fiscal year, the District had debt outstanding of \$1,551,272. All of the debt is backed by the full faith and credit of the District.

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### Outstanding Debt

	Balance June 30, 2014	Balance June 30, 2015
Ambulance	\$ 117,974	0
Radio Equipment	79,124	0
Traffic Preemption	400,000	323,214
Communication System	<u>400,000</u>	<u>395,832</u>
Total Lease Obligations	997,098	719,046
Compensated Absences	<u>817,890</u>	<u>832,226</u>
Totals	<u>\$ 1,814,988</u>	<u>\$ 1,551,272</u>

### Factors Affecting Future Results

The District is subject to general economic conditions such as increases or declines in property tax value or other types of revenues that vary with economic conditions. Several years of community growth and increases in assessed valuation which have enabled the District to increase staffing, purchase much needed equipment and apparatus, make building improvements and improve services to the community, have been greatly affected by the recession of the past several years of economic downturn in the State and in the country as a whole. Recovery has been slower than anticipated.

The assessed value of the District decreased approximately 2.7% for FY 2014-15. The general economy appears to have stabilized and it is anticipated that the next few years will remain flat with the possibility of only slight decreases in value. Based on current figures, the estimated assessed value of the District is expected to decrease again although minimally in FY 2015-16 by approximately 1.38%. Beginning in FY 2015-16, as a result of Proposition 117, all taxing authorities will use the Net Assessed Limited Property Value, rather than Net Assessed Full Cash Values for calculation of Net Assessed Valuations. Once the new calculation is established over the next few years, as the economy continues to show modest increases, the District may also begin to see slight increases in assessed values. Since 2008, the District's NAV has decreased approximately 52.8% causing modest personnel losses through attrition.

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The District began work on the implementation of a 3-5 year Strategic Plan developed in fiscal year 2013-14, outlining four (4) key result areas for planning focus. They are: Alternative Revenue Generation, Succession Planning, Building Organizational Capacity and Mission and Structure. Some of the goals to be explored in these key result areas include: 1) incorporate grant funding as an active part of our revenue sources; 2) revise fee schedules to increase amount of revenue generated; 3) utilize an effective Critical Care Transport Program and non-emergency Transport Program; 4) Explore other fee-based services; 5) Earn accreditation through the Commission on Fire Accreditation; 6) Review and evaluate current services and their return on investment; 7) Explore the enterprise of community paramedicine to determine its viability for the Bullhead City Fire Department.

#### Contacting the District

This financial report is designed to provide an overview of the District's finances for anyone with an interest in the government's finances. Any questions regarding this report or requests for additional information may be directed to Debbie Dorman, Executive Administrative Manager, Bullhead City Fire Department, 1260 Hancock Road, Bullhead City, AZ 86442.

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## **BASIC FINANCIAL STATEMENTS**

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**BULLHEAD CITY FIRE DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

Exhibit A

Governmental  
Activities

**ASSETS**

Cash & Cash Equivalents (Note 3)	\$ 2,871,548
Receivables:	
Ambulance Service Fees, Net of Allowances for doubtful accounts (Note 5)	968,829
Wildland (Note 5)	11,857
Property Taxes (Note 6)	502,405
Misc (Note 5)	34,458
Total Capital Assets, Net (Note 7)	<u>8,875,739</u>
Total Assets	<u>13,264,836</u>

**DEFERRED OUTFLOW OF RESOURCES**

Deferred Pension	<u>1,997,789</u>
Total Deferred Outflow of Resources	<u>1,997,789</u>

**LIABILITIES**

Accounts Payable	37,273
Payroll Taxes Payable	8,199
Wages Payable	487,170
Net Pension Liability	13,449,078
Compensated Absences (Note 11 )	
Portion due within one year	89,042
Portion due after one year	832,226
Lease/Purchases Payable (Note 12 )	
Portion due within one year	130,962
Portion due after one year	<u>588,084</u>
Total Liabilities	<u>15,622,034</u>

**DEFERRED INFLOW OF RESOURCES**

Deferred Pension	2,107,869
Deferred Property Taxes	<u>332,397</u>
Total Deferred Inflow of Resources	<u>2,440,266</u>

**NET POSITION**

Invested in Capital Assets, Net of related Debt	8,156,693
Restricted (Note 14)	5,139
Unrestricted (Note 14)	<u>(10,961,507)</u>
Total Net Position	<u>\$ (2,799,675)</u>

-The Notes to the Financial Statements are an Integral Part of This Statement-

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**BULLHEAD CITY FIRE DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

Exhibit B

**Governmental  
Activities**

**EXPENSES**

Public Safety - Fire/EMS Protection	
Personnel Services	\$ 12,075,021
Materials & Services	1,519,317
Depreciation	<u>824,844</u>

Total Program Expenses	<u>14,419,182</u>
------------------------	-------------------

**PROGRAM REVENUES**

Operating and Capital Grants	21,375
Charges for Service	<u>4,651,872</u>
Total Program Revenues	<u>4,673,247</u>
Net Program Expense	<u>9,745,935</u>

**GENERAL REVENUES**

Property Taxes	7,853,967
Fire District Assistance	381,511
Investment Earnings	9,615
Miscellaneous	<u>269,942</u>

Total General Revenues	<u>8,515,035</u>
------------------------	------------------

Increase (Decrease) in Net Position	(1,230,900)
-------------------------------------	-------------

NET POSITION-BEGINNING OF THE YEAR	<u>(1,568,775)</u>
------------------------------------	--------------------

NET POSITION-END OF THE YEAR	<u>\$ (2,799,675)</u>
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**BULLHEAD CITY FIRE DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2015**

Exhibit C

**General**

**ASSETS**

Cash and Cash Equivalents (Note 3)	\$ 2,871,548
Receivables:	
Ambulance Service Fees, Net of Allowances for Doubtful Accounts (Note 5)	968,829
Property Taxes (Note 6)	502,405
Misc (Note 5)	34,458
Wildland (Note 6)	<u>11,857</u>
 Total Assets	 <u><u>\$ 4,389,097</u></u>

**LIABILITIES**

Accounts Payable	\$ 37,273
Payroll Taxes Payable	8,199
Wages Payable	487,170
Compensated Absences (Note 11)	<u>89,042</u>
 Total Liabilities	 <u><u>621,684</u></u>

**DEFERRED INFLOW OF RESOURCES**

Unavailable Property Tax Revenue	<u>332,397</u>
 Total Deferred Inflow of Resources	 <u><u>332,397</u></u>

**FUND BALANCES**

Assigned (Note 14)	895,553
Restricted (Note 14)	5,139
Unassigned (Note 14)	<u>2,534,324</u>
 Total Fund Balances	 <u><u>3,435,016</u></u>
 Total Liabilities & Fund Balances	 <u><u>\$ 4,389,097</u></u>

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**BULLHEAD CITY FIRE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2015**

Exhibit D

	<u>General</u>
<b>REVENUE</b>	
Property Taxes	\$ 7,853,967
Fire District Assistance Tax	381,511
Fees for Service	4,651,872
Interest	9,615
Grants	21,375
Miscellaneous	<u>269,942</u>
Total Revenues	<u>13,188,282</u>
<b>EXPENDITURES</b>	
Current:	
Public Safety	12,513,348
Administration	18,919
Grants	22,520
Debt Service	
Principal	279,339
Interest	20,793
Capital Outlay	<u>314,337</u>
Total Expenditures	<u>13,169,256</u>
Excess (Deficiency) of Revenues over Expenditures	<u>19,026</u>
Net Change in Fund Balances	19,026
Fund Balances-Beginning of Year	<u>3,415,990</u>
Fund Balances-End of Year	<u><u>\$ 3,435,016</u></u>

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**BULLHEAD CITY FIRE DISTRICT**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

Exhibit E

**Reconciliation of Governmental Fund Balance to Net Position**  
**(Exhibit A) of governmental activities:**

Fund Balances - Total Governmental Funds (Exhibit C) \$ 3,435,016

Amounts reported for governmental activities in the statement  
of net position are different because:

Capital Assets used in governmental activities are  
not financial resources and, therefore are not  
reported in the other funds.

Governmental Capital Assets	17,126,213	
Less: Accumulated Depreciation	<u>(8,250,474)</u>	
		8,875,739

Deferred Outflows of Resources 1,997,789

Long-term liabilities are not due and payable  
in the current period and therefore are not  
reported in the funds. (1,551,272)

Net Pension Liability Restated per GASB #68 (13,449,078)

Deferred Inflows of Resources (2,107,869)

Net Position of Governmental Activities (Exhibit A) \$ (2,799,675)

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**BULLHEAD CITY FIRE DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED  
JUNE 30, 2015**

Exhibit F

**Reconciliation of the change in fund balance-total governmental funds  
to the change in net position of governmental activities:**

Net Change in Fund Balances -		
Total Governmental Funds (Exhibit D)	\$	19,026

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.		(118,905)
--	--	-----------

Net Change in Deferred Outflows and Inflows of Resources		(2,436,080)
--	--	-------------

The issuance of long-term debt (e.g., bonds, leases, leave) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(263,716)
---	--	-----------

Change in Net Position of Governmental Activities (Exhibit B)		\$ <u>(2,799,675)</u>
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**BULLHEAD CITY FIRE DISTRICT**  
**BULLHEAD CITY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The District is a local governmental unit formed as a political subdivision of the local county which is a political subdivision of the State of Arizona. The District was formed under the provisions of Title 48 of Arizona Revised Statutes. The District operates under the guidance of an elected board, which is the policy making body of the District. The purpose of the District is to provide fire protection, emergency medical and related services to the residents and guests of the District and the surrounding area. The day to day operations are supervised by a fire chief and his staff.

The District has the power to issue bonds, levy taxes, bill for services and raise revenues with the power of the County government. The District has the power to expend public funds for any legitimate purpose required to further its needs. The District operates as an independent governmental agency directly responsible to the local taxpayers and voters.

**Introduction**

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, all organizations for which the primary government is financially accountable, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

**Basic Financial Statements**

The accounting policies for the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

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## Government-wide Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to users of the services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## Governmental funds

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available as net current assets. All sources of revenue except interest become measurable when the District has rendered a service. Interest revenue is measurable when its rate becomes known. Revenues are considered available if they are received within 60 days of the end of any accounting period. Expenditures are generally recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

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## **Financial Statements Amounts**

### **Cash & Cash Equivalents**

All savings, checking and money market accounts with an original maturity of less than 60 days are considered to be cash equivalents.

### **Prepaid Items**

Payments to vendors that benefit future accounting periods are classified as prepaid items until charged to expenditures in the period benefited.

### **Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	27.5 to 40 years
Equipment	5 to 7 years
Fire Trucks	10 years
Automobiles	5 years
Office Equipment	5 years

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

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In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

### **Compensated Absences**

Accumulated unpaid vacation and leave time is normally accrued when incurred. The anticipated current portion of employee leave is accrued in the governmental fund, while the long term portion is recorded only in the long term group of accounts.

### **Long-Term Obligations**

In the government-wide financial statements, long term debt and other long term obligations are reported as liabilities in the applicable governmental activities or business-type activities in the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **Net Position/Fund Equity**

#### **Net Position/Fund Balances on Government Wide Financial Statements – Exhibit A**

Fund Equity, as defined in GASB Statement No. 34, "Basic Financial Statements for State and Local Governments" is defined as net position and is classified in the following categories:

- λ Restricted—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

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- λ Unrestricted – this balance is the amount of equity which is not included in the Restricted fund balance and the Investments in Capital asset balances.
- λ Investment in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

#### **Fund Balances on Government Fund Financial Statements – Exhibit C**

Beginning with fiscal year ended June 30, 2010, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- λ Nonspendable fund balance—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- λ Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- λ Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., District Board). To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint.
- λ Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board or by an official or body to which the District Board delegates the authority.
- λ Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The District Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by District Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

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### **Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amount and disclosures in the financial statements. Actual results could differ from those estimates.

## **NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **Budgetary Information**

A fire district shall prepare an annual budget that contains detailed estimated expenditures for each fiscal year and that clearly shows salaries payable to employees of the district. The budget summary shall be posted in three public places and a complete copy of the budget shall be published on the district's official website for twenty days before a public hearing at a meeting called by the board to adopt the budget. Copies of the budget shall also be available to members of the public on written request to the district. Following the public hearing, the district board shall adopt a budget. A complete copy of the adopted budget shall be posted in a prominent location on the district's official website within seven business days after final adoption and shall be retained on the website for at least sixty months. For any fire district that does not maintain an official website, the fire district may comply with this subsection by posting on a website of an association of fire districts in this state. ARS 48-805.2(a)

Pursuant to ARS 48.805.2(d), all fire district are required to submit certain information accompanying the budget which has been certified to by the chairman and clerk of the District Board. The budget and the accompanying certification are required to be submitted to the County Board of Supervisors no later than August 1<sup>st</sup> of each year.

Budgets are adopted by the District on basis consistent with Arizona Revised Statutes.

Encumbrance accounting is not employed by the District. All appropriations lapse at year-end.

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### **NOTE 3 - DEPOSITS, INVESTMENT RISK & CASH MANAGEMENT**

#### **Deposits and Investments**

The deposit of public funds is regulated by Arizona Revised Statutes (ARS). ARS 48-807 allows the District to establish bank accounts with any financial institution that is authorized to do business in the State of Arizona for the purpose of operating a payroll account, holding special revenues, ambulance revenues or both as necessary to fulfill the District's fiduciary responsibilities. The District may also establish, through the County Treasurer, accounts for monies from property taxes, grants, contributions and donations. The County Treasurer is required to establish a fund known as the "fire district general fund" for the receipt of all taxes levied on behalf of the District.

The District may register warrants only if separate accounts are maintained by the County Treasurer for each governmental fund of the District. Warrants may only be registered on the maintenance and operation account, the unrestricted capital outlay account and the special revenue accounts, and only if the total cash balance of all three accounts is insufficient to pay the warrants and only after any revolving line of credit has been expended. Registered warrants may not exceed ninety per cent of the taxes levied by the County for the District's current fiscal year. Registered warrants bear interest as prescribed by statute and are redeemed as provided for by law for County warrants.

Unless monies are legally restricted by contract, agreement or law, those monies may be transferred between fund accounts according to the original or amended budget of the Fire District.

Any surplus remaining the fire district general fund at the end of the fiscal year shall be credited to the fire district general fund of the district for the succeeding fiscal year and after subtraction of accounts payable and encumbrances, shall be used to reduce the tax levy for the following year.

The District accounts with the County Treasurer are part of an investment pool operated by the County Treasurer which is in turn invested in the Local Government Investment Pool (LGIP) operated by the Arizona State Treasurer. The risk category (defined below) cannot be determined, as the District does not own identifiable securities, but only as a shareholder in the statewide pool.

Financial institutions accepting governmental monies in the State of Arizona are required to collateralize at 102% all government deposits which exceed the FDIC insurance limit. The current FDIC limit is \$250,000 for the total of all interest bearing accounts and \$250,000 for the total of all demand deposit accounts. The collateralization is required to be separately identifiable securities and be held by a third party financial institution or trust agency. ARS (Title 35) requires this to be monitored by the State Treasurers Office.

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The District may also place monies in investments which are subject to the risks identified below.

The following is a summary of the Cash and Cash Equivalents held by financial institutions at June 30, 2015:

DEPOSITORY ACCOUNTS:

	General Fund
Insured Deposits (FDIC)	\$ 254,101
Collateralized	727,873
Uninsured & Uncollateralized	<u>2,186,472</u>
Total Deposits	3,168,446
In Transit Items	<u>(297,298)</u>
Total Depository Accounts	2,871,148

NON DEPOSITORY ACCOUNTS

Cash On Hand	<u>400</u>
Total Non Depository Accounts	<u>400</u>
Total Cash & Cash Equivalents	<u>\$ 2,871,548</u>

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the system will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

The District does not invest in any identifiable securities. District investments are limited to open-end mutual funds.

<u>Custodial Credit Risk For:</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer Pool	Unrated	Not Applicable	\$2,186,472

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**Credit Risk** Statutes authorize the District to invest in obligations of the U.S. Treasury and federal agency securities, along with certain public obligations, such as bonds or other obligations of any state of the United States of America or of any agency, instrumentality, or local governmental unit of any such state in which the District invests, that are rated in the highest rating category of nationally recognized statistical rating organizations.

Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

The District normally invests only in FDIC insured bank accounts, accounts collateralized above FDIC insurance limits in commercial banks, the County Treasurer's investment pool, which is reinvested in the Arizona State Treasurer Local Government Investment Pool (LGIP), and open-end mutual stock funds of commercial brokerage firms.

No ratings were available for any of the District's investments and those investments are considered unrated.

**Concentration of Credit Risk** Concentration of credit risk is associated with investments in any one issuer that represent 5 percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are considered as excluded from this requirement.

The District invests only in FDIC banking institutions, mutual funds and government investment pools. The District does not have a policy relating to concentration of credit risk.

**Interest rate risk:** This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Interest rate risk factors and information are not available for the mutual fund investments of the District.

The weighted average maturity of the LGIP-GOV pool at June 30, 2015:

For Pool 5	40 days
For Pool 7	47 days
For Pool 500	1.54 years
For Pool 700	1.73 years

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## **Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and the public; and natural or manmade disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have never exceeded commercial insurance coverage for the District.

In addition, as the owner and operator of emergency response vehicles, the District is exposed to a high risk of loss related to these activities. The District carries commercial insurance on all vehicles and requires insurance coverage on all privately owned vehicles used for District activities.

Custodial risk of deposit and investment accounts is the risk that in the event of a failure, the District's deposits may not be returned to it. The District does not have a policy for custodial risk, concentration of risk, concentration of credit risk, interest rate risk, or foreign currency risk for deposits or investments.

## **NOTE 4 - INVENTORIES**

The costs of governmental fund-type inventories are recorded as expenditures when purchased. All inventories of the District are considered immaterial.

## **NOTE 5 - RECEIVABLES**

General and governmental fund receivables are recorded as received except for those funds collected and held by other governments on behalf of the Fire District. These amounts are recorded as soon as they are measurable and available in accordance with governmental accounting standards.

Ambulance Receivable Write-Off Policy: The District has adopted a policy which states in part, "if a bill remains unpaid more than 120 days from the date it was first mailed and reasonable collection attempts have failed, the debt may be deemed bad debt". In addition, accounts meeting certain criteria established by the District may be determined to be uncollectable and written off as uncollectable bad debt at the discretion of the Fire Chief or EMS Division Chief.

Ambulance receivables were \$1,356,159 with an allowance for bad debt of \$387,330 at June 30, 2015. This gave a net of \$968,829, without allowances or contractual adjustments, was expected to be collectable. Accounts with an age of over 90 days at the end of the fiscal year are deemed bad debt.

Wildland receivables were \$11,857 with an allowance for bad debt of \$0 at June 30, 2015. This gave a net of \$11,857 which was expected to be collectable.

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Miscellaneous receivables were \$34,458 with an allowance for bad debt of \$0 at June 30, 2015. This gave a net of \$34,458 which was expected to be collectable.

#### NOTE 6 – PROPERTY TAX REVENUE RECEIVABLE

Property Tax Revenues Receivable arise when property taxes are levied but not currently collected. The collectible portion (taxes levied less estimated uncollectible) are recorded as deferred inflow of resources in the period when an enforceable legal claim to the assets arises.

#### NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended.

	BALANCE 06/30/2014	ADDITIONS	DELETIONS	BALANCE 06/30/2015
<u>Depreciable Assets</u>				
Vehicles	\$5,996,977	\$ 114,533	\$ 0	\$ 6,111,510
Buildings	7,323,824	87,351	0	7,411,175
Equipment, Fire	<u>2,813,532</u>	<u>520,765</u>	<u>30,108</u>	<u>3,304,189</u>
Total Historical Costs	<u>16,134,333</u>	<u>722,649</u>	<u>30,108</u>	<u>16,826,874</u>
Less Accum Depreciation				
Vehicles	3,080,372	378,478	0	3,458,850
Buildings	2,594,022	211,477	0	2,805,499
Equipment, Fire	<u>1,764,635</u>	<u>234,888</u>	<u>13,398</u>	<u>1,986,125</u>
Less: Total Accumulated Depreciation	<u>7,439,029</u>	<u>824,843</u>	<u>13,398</u>	<u>8,250,474</u>
Depreciable Capital Assets, Net	8,695,304	(102,194)	16,710	8,576,400
<u>Non-Depreciable Assets</u>				
Land	<u>299,339</u>	<u>0</u>	<u>0</u>	<u>299,339</u>
Capital Assets, Net	<u>\$8,994,643</u>	<u>\$ (102,194)</u>	<u>\$ 16,710</u>	<u>\$ 8,875,739</u>

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## NOTE 8 - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Pursuant to GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," the District recognized deferred outflows of resources in the governmentwide statements. These items are a consumption of net position by the District that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The District has two items that are reportable on the Governmentwide Statement of Net Position: the first item relates to outflows from changes in the net pension liability and the second item relates to property taxes.

Deferred outflows of resources balances for the year ended June 30, 2015 were as follows:

### Governmentwide Deferred Outflows

	Government Activities
Pensions	\$ 1,997,789
Total Governmental Activities	<u>\$ 1,997,789</u>

Deferred Inflows of Resource balances for the year ended June 30, 2015 were as follows:

### Governmentwide Deferred Inflows

	Government Activities
Property Taxes	\$ 332,397
Pensions	<u>2,107,869</u>
Total Governmental Activities	<u>\$ 2,440,266</u>

## NOTE 9 - CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

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#### NOTE 10 – SHORT-TERM INDEBTEDNESS

The District utilizes a credit line with a limit of \$2,500,000. As of June 30, 2015, the balance outstanding was approximately \$ 0 and \$2,500,000 was available. The interest rate, at year end, was approximately prime rate plus ½ of 1 percent. The District routinely pays the balance in full when funds are available.

Changes in Short-Term Indebtedness :

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Line of Credit	\$ 0	\$594,785	\$ 594,785	\$ 0
Totals	\$ 0	\$594,785	\$ 594,785	\$ 0

#### NOTE 11 – ACCUMULATED COMPENSATED ABSENCES

Accumulated unpaid vacation and leave time is accrued when incurred. The current portion of such amounts has been accrued in the governmental fund (using the modified accrual basis of accounting).

The District also accrues a liability for 50% of the employees unpaid sick leave accumulation. The District policy allows for the redemption of 50% of the employees unused sick leave. The accrual at year end consisted of \$353,169 in unpaid vacation time and \$958,114 in unused sick time of which \$479,057 has been accrued as payable. The remaining amount is not payable by the District unless used by the employee.

#### NOTE 12 – LONG-TERM INDEBTEDNESS

In the government-wide financial statements, long term debt and other long term obligations are reported as liabilities in the applicable governmental activities or business-type activities in the statement of net assets.

##### General Obligation Bonds

The District does not currently have any general obligation bonds.

##### Operating Leases

The District does not currently have any operating leases.

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### Capital Leases

**Ambulance Lease:** On July 24<sup>th</sup>, 2012, the District entered into a lease/purchase agreement with Republic 1<sup>st</sup> National Bank for the purchase of ambulance s. The initial purchase was in the amount of \$229,308 at an interest rate of 3.410% for a term of 3 years. Semi-Annual payments are due each July 15<sup>th</sup> and December 15<sup>th</sup> in the amount of \$40,867 with a final payment due on July 15<sup>st</sup>, 2015. This was paid off during the 14-15 fiscal year.

**Radio Equipment Lease:** On December 1<sup>st</sup>, 2010, the District entered into a lease/purchase agreement with Zion First National Bank for the purchase of radio equipment. The initial purchase was in the amount of \$300,000 at an interest rate of 3.690% for a term of 4 years. Annual payments are due each December 1<sup>st</sup> in the amount of \$82,044 with a final payment due on December 1<sup>st</sup> 2014. This was paid off during the 14-15 fiscal year.

**Traffic Preemption Equipment Lease:** On February 1<sup>st</sup>, 2014, the District entered into a lease/purchase agreement with Zion First National Bank for the purchase of traffic preemption equipment. The initial purchase was in the amount of \$400,000 at an interest rate of 2.040% for a term of 5 years. Semi-annual payments are due on August 1<sup>st</sup> and February 1<sup>st</sup> in the amount of \$42,278 with a final payment due on February 1<sup>st</sup> 2019.

**Communication System Equipment Lease:** On June 2<sup>nd</sup>, 2014, the District entered into a lease/purchase agreement with Zion First National Bank for the purchase of communication system equipment. The initial purchase was in the amount of \$400,000 at an interest rate of 2.188% for a term of 5 years. Semi-annual payments are due on August 1<sup>st</sup> and February 1<sup>st</sup> in the amount of \$51,202 with a final payment due on August 1<sup>st</sup>, 2019.

### Changes in Long-Term Indebtedness :

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Ambulance	\$ 117,974	0	117,974	0
Radio Equipment	79,124	0	79,124	0
Traffic Preemption	400,000	0	76,786	323,214
Communication System	400,000	0	4,168	395,832
Total Lease Obligations	997,098	0	278,052	719,046
Compensated Absences	817,890	14,336	0	832,226
Totals	\$ 1,814,988	\$ 14,336	\$ 278,052	\$ 1,551,272

### NOTE 13 - FUTURE MINIMUM LEASE/PURCHASE OBLIGATIONS

The future minimum lease/purchase obligations and the net present value of these minimum lease/purchase payments as of June 30, 2015, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 130,962	\$ 14,797	\$ 145,759
2017	175,379	11,582	186,961
2018	179,119	7,842	186,961
2019	182,938	4,023	186,961
2020	<u>50,648</u>	<u>554</u>	<u>51,202</u>
Total Obligation	719,046	\$ <u>38,798</u>	\$ <u>757,844</u>
Less amount due within 1 year	<u>130,962</u>		
Amount due after 1 year	\$ <u>588,084</u>		

### NOTE 14 - NET POSITION/FUND BALANCE

The District's Net Position balances consist of restricted, unrestricted, nonspendable and net investment in capital assets amounts.

The District's Governmental Funds fund balances consist of restricted, committed, assigned, nonspendable and unassigned amounts.

Restricted balances are amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed balances is amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., District Board). To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint.

Assigned fund balance is amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board or by an official or body to which the District Board delegates the authority.

Unassigned fund balance is amounts that are available for any purpose. Positive amounts are reported only in the general fund.

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Nonspendable fund balances are amounts that are not in a spendable form such as inventories or pre-paid expenses.

Net Position :

Invested in Capital Assets, Net of Related Debt	\$ 8,156,693
Restricted – Donations	5,139
Unrestricted	<u>(10,961,507)</u>
Total Net Position	<u>\$ (2,799,675)</u>

Governmental Fund Balances :

Assigned Fund Balance - Payroll	\$ 679,553
Assigned Fund Balance – Unemployment Costs	<u>216,000</u>
Total Assigned Fund Balances	895,553
Restricted Fund Balance – Donations	5,139
Unassigned Fund Balances	<u>2,534,324</u>
Total Fund Balance	<u>\$ 3,435,016</u>

**NOTE 15 - PROPERTY TAXES**

The District is authorized to levy property taxes in an amount sufficient to operate the District. This levy cannot exceed three dollars and twenty-five cents per one hundred dollars of assessed valuation. It also cannot exceed the amount of the levy in the preceding tax year multiplied by 1.08.

The District levies real property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

The District also levies various personal property taxes during the year, which are due at the same time as real property taxes.

A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

The taxpayers may, by vote of the electorate, authorize either a five year budget override or a permanent override, depending upon certain criteria being met. The taxpayers also may authorize the issuance of bonds for capital acquisitions in addition to the operating taxes referred to above.

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The County collects a County-Wide Fire District Assistance Tax (FDAT) and distributes the funds to all Fire Districts in the County, according to a formula established by state law. The maximum awarded to a District cannot exceed \$400,000 per year.

#### **NOTE 16 – DEFERRED COMPENSATION PLAN**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. This plan, available to all District employees, permits employees to defer a portion of their current salary until future years. Assets held in IRC Section 457 plans are generally subject to claims of creditors.

It is the District's position that it has no liability for investment losses under the plan but has the duty of due care that would be required of an ordinary prudent investor. The District believes it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

#### **NOTE 17 - EMPLOYEE RETIREMENT SYSTEMS (SEE ALSO THE REQUIRED SUPPLEMENTAL INFORMATION)**

##### **Plan Descriptions**

The District contributes to the two plans described below. Benefits are established by state statute and the plans generally provide retirement, long-term disability, and health insurance premium benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees' annual compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee's monthly compensation. Health Insurance premium benefits are generally paid as a fixed dollar amount per month towards the retiree's healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

The Arizona State Retirement System (ASRS) administers a cost sharing, multiple-employer defined benefit pension plan, a cost-sharing, multiple employer defined health insurance premium plan, and a cost-sharing, multiple employer defined long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions and school districts. The ASRS is governed by the Arizona State Retirement System Board according to provisions of the A.R.S. Title 38, Chapter 5, Article 2. The ASRS System does not provide information on each individual entity that has an account in the System. Information provided in this report is based on the information provided by ASRS, which is on a state wide basis.

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Normal retirement is when an individual achieves 80 points, which is age plus years of service after age 62. Retirement benefits are computed by the Arizona State Retirement System.

The information required by GASB 50 paragraph 7b, three year trend information, is not currently available.

The Public Safety Personnel Retirement System (PSPRS) administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined health insurance premium plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or participating political subdivisions. The PSPRS, acting as a common investment and administration agent, is governed by a five-member board known as The Fund Manager, and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

Normal retirement is on completion of 20 years of service or 15 years of service and attainment of age 62. Retirement benefits after 20 years are 50% of average monthly compensation plus an additional 2% for each year of service from 20 to 25 years. Upon attainment of 25 years of service the additional percentage is increased to 2 ½ % for each year beyond 20. Maximum pension is 80% of average compensation. All participants are fully vested upon 10 years of service with deferred retirement possible at reduced benefits. Disability, survivor's benefits and medical care are also integrated into the plan.

Each multiple employer plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by writing or calling the applicable plan.

ASRS  
3300 N. Central Avenue  
Suite 200  
PO Box 33910  
Phoenix, AZ 85067-3910  
(602) 240-2000 or 1-800-621-3778

PSPRS  
3010 E. Camelback Road,  
Phoenix, AZ 85016-4416  
Phone (602) 255-5575

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**NOTE 18 – PENSIONS – Liabilities, Expenses and Deferred Cash Flows**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2015, the District reported a liability of \$2,055,100 for the Arizona State Retirement System as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2014, the District's proportion was 0.013889, which was a decrease of 0.001223 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension total expenses of \$2,502,500. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 104,446	\$ 572,359
Changes in assumptions	1,893,343	0
Net difference between projected and actual earning on retirement plan investments	0	1,393,619
Changes in proportion and differences between District contributions and proportionate share of contributions	0	141,891
	<u>\$ 1,997,789</u>	<u>\$ 2,107,869</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2016	\$ (143,685)
2017	(135,289)
2018	(127,404)
2019	(37,561)
2020	221,000
Thereafter	<u>215,983</u>
Total	<u>\$ (6,956)</u>

#### **NOTE 19 – PENSION**

##### **Actuarial Assumptions - PSPRS**

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

##### **Methods and Assumptions Used to Determine Total Pension Liability:**

Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation	4.00%
Price Inflation	3.0% - 4.0% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	4.00% to 8.00% including inflation
Investment Rate of Return	7.85%, net of investment and administrative expenses
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 – June 30, 2011.
Mortality	RP-2000 mortality table projected to 2015 using projection scale AA (adjusted by 105% for both males and females).
<b>Other Information:</b>	
Assumed Future Permanent Benefit Increases	Members retired on or before July 1, 2011: 2% compounded on average. Members Retired on or after August 1,

2011: 0.5% compounded on average. Since all current retirees receive the same dollar increase amount, approximation techniques were used to develop the assumed PBI for each member.

A detailed description of the actuarial assumptions and methods can be found in the June 30, 2014 Arizona Public Safety Personnel Retirement System annual actuarial valuation report.

#### **NOTE 20 - POST EMPLOYMENT BENEFITS**

The government provides certain health care and life insurance benefits for recently separated employees as required by the Federal law under COBRA. Any cost of health care and life insurance benefits would be short term and recognized as an expenditure as claims are paid. The District currently has no such claims.

#### **NOTE 21 - NEW ACCOUNTING PRONOUNCEMENTS**

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

Statement No. 68	<i>"Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27"</i>	The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014.
Statement No. 69	<i>"Government Combinations And Disposals of Government Operations"</i>	The provisions of this statement are effective for financial statements for periods beginning after December 15, 2013.
Statement No. 71	<i>"Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 27"</i>	The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014.

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#### NOTE 22- SUBSEQUENT EVENTS

Management has evaluated subsequent events and does not know of any additional comments or disclosures that should be made thru the date of this report, other than any items listed below.

Subsequent to the fiscal year, a former employee has filed a complaint alleging unlawful dismissal by the District. The outcome of this is unknown at this time.

#### NOTE 23 – PRIOR PERIOD ADJUSTMENT

The prior period adjustment was made to adjust the governmental activities beginning net position. The adjustment was made to reflect the prior period costs related to the implementation of the net pension liability, to comply with GASB Statement #68.

The restatement of beginning net position of the governmental activities is summarized as follows:

	Governmental
	<u>Activities</u>
Net position at July 1, 2014	\$ 10,448,377
Net pension liability adjustment	(12,164,420)
Net property tax adjustment	<u>147,268</u>
Net restated position at July 1, 2014	<u><u>\$(1,568,775)</u></u>

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**REQUIRED SUPPLEMENTARY**  
**INFORMATION**

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**BULLHEAD CITY FIRE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)**  
**GENERAL FUND**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2015**

Exhibit G

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 7,840,543	\$ 7,840,543	\$ 7,853,967	\$ 13,424
Fire District Assistance	400,000	400,000	381,511	(18,489)
Fees for Service	3,639,500	3,639,500	4,651,872	1,012,372
Grant Revenue	150,000	150,000	21,375	(128,625)
Miscellaneous	486,000	486,000	269,942	(216,058)
Interest	7,500	7,500	9,615	2,115
Total Revenues	<u>12,523,543</u>	<u>12,523,543</u>	<u>13,188,282</u>	<u>664,739</u>
Expenditures:				
Current:				
Public Safety	14,088,653	14,088,653	12,513,348	1,575,305
Administration	30,000	30,000	18,919	11,081
Grants	152,500	152,500	22,520	129,980
Capital Outlay	<u>385,700</u>	<u>385,700</u>	<u>614,469</u>	<u>(228,769)</u>
Total Expenditures	<u>14,656,853</u>	<u>14,656,853</u>	<u>13,169,256</u>	<u>1,487,597</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,133,310)</u>	<u>(2,133,310)</u>	<u>19,026</u>	<u>2,152,336</u>
Net Change in Fund Balances	(2,133,310)	(2,133,310)	19,026	2,152,336
Fund Balances at Beginning of Year	<u>2,133,310</u>	<u>2,133,310</u>	<u>3,415,990</u>	<u>1,282,680</u>
Fund Balances at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,435,016</u>	<u>\$ 3,435,016</u>

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**BULLHEAD CITY FIRE DISTRICT  
ARIZONA PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM**

**GASB STATEMENT NO. 27 SUPPLEMENTARY PENSION INFORMATION**

**SCHEDULE OF FUNDING PROGRESS  
(EXCLUDING HEALTH INSURANCE SUBSIDY BEGINNING JUNE 30, 2008)**

Year Ended June 30	Valuation Value of Assets (a)	Actuarial Accrued Liability (b)	Funded Ratio (a)/(b)	Unfunded AAL (UAAL) (b)-(a)	Annual Covered Payroll (c)	UAAL As a % Of Covered Payroll ((b)-(a))/(c)
2003	12,280,434	10,056,887	122.1%	(2,223,547)	3,216,735	-%
2004	12,829,065	11,536,408	111.2%	(1,292,657)	3,555,366	-%
2005	13,650,685	13,576,866	100.5%	(73,819)	3,924,695	-%
2006	14,535,614	15,941,128	91.2%	1,405,514	4,383,989	32.1%
2007	14,757,251	19,213,036	76.8%	4,455,785	4,763,643	93.5%
2008	16,585,387	20,756,292	79.9%	4,170,905	5,298,898	78.7%
2009	18,917,611	22,576,356	83.8%	3,658,745	5,603,108	65.3%
2010	20,833,759	25,397,588	82.0%	4,563,829	5,769,065	79.1%
2011	22,507,667	29,030,899	77.5%	6,523,232	5,677,833	114.9%
2012	24,869,128	31,287,124	79.5%	6,417,996	5,765,450	111.3%
2013	26,499,996	33,347,020	79.5%	6,847,024	5,298,746	129.2%
2014	26,785,878	37,808,440	70.8%	11,022,562	5,079,268	217.0%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended June 30	Annual Pension Cost (APC)
2003	84,320
2004	176,565
2005	224,940
2006	225,547
2007	392,213
2008	605,082
2009	1,066,838
2010	957,839
2011	(est) 907,396
2012	(est) 1,004,904
2013	(est) 1,095,467
2014	(est) 1,159,409
2015	(est) 1,129,498
2016*	(est) 1,427,273

\*This is the estimated Annual Required Contribution before the phase-in plan.

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### SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date:	June 30, 2014
Actuarial cost method:	Entry Age Normal
Amortization Method:	Level percent-of-pay closed
Remaining amortization period:	23 years for underfunded 20 years for overfunded
Asset valuation method:	7-year smoothed market 80%/120% market
Actuarial Assumptions:	
Investment Rate of Return:	7.85%
Projected Salary increases *	4.50% - 8.50%
Payroll Growth	4.50%
Permanent Benefit Increases	Members Retired on or before July 1, 2011: 2% compounded on average. Members Retired on or after August 1, 2011: 0.5% compounded on average. Since all current retirees receive the same dollar increase amount, approximation techniques were used to develop the assumed PBI for each member.

### GASB STATEMENT NO. 45 SUPPLEMENTARY INFORMATION

The following information is presented concerning the post-retirement health insurance subsidy. The liabilities and computed contribution for the post-retirement health insurance subsidy were based on the same assumptions and actuarial cost methods as indicated for GASB Statement No. 25. Although segregated assets for the health insurance subsidy have not been available historically, it is our understanding that they will be made available beginning with the June 30, 2014 valuation.

### SCHEDULE OF FUNDING PROGRESS

VALUATION DATE	VALUATION VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY	UNFUNDED AAL (UAAL)	FUNDED RATIO (a/b)	ANNUAL COVERED PAYROLL (c)	UAAL AS A % OF COVERED PAYROLL ((b-a)/c)
JUNE 30,	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
2006	\$0	\$540,452	\$540,452	0.00%	\$4,383,989	12.33%
2007	\$0	\$629,935	\$629,935	0.00%	\$4,763,643	13.22%
2008	\$0	\$691,444	\$691,444	0.00%	\$5,298,898	13.05%
2009	\$0	\$670,697	\$670,697	0.00%	\$5,603,108	11.97%
2010	\$0	\$700,553	\$700,553	0.00%	\$5,769,065	12.14%
2011	\$0	\$869,591	\$869,591	0.00%	\$5,677,833	15.32%
2012	\$0	\$802,443	\$802,443	0.00%	\$5,765,450	13.92%
2013	\$0	\$859,475	\$859,475	0.00%	\$5,298,746	16.22%
2014	\$1,109,479	\$913,836	\$(195,643)	121.41%	\$5,079,268	0.00%

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### ANNUAL REQUIRED CONTRIBUTION

VALUATION DATE <u>JUNE 30,</u>	FISCAL YEAR ENDED <u>JUNE 30,</u>	(a) NORMAL <u>COST</u>	(b) ACTUARIAL ACCRUED <u>LIABILITY</u>	TOTAL <u>(a) + (b)</u>	DOLLAR AMOUNT BASED ON <u>COVERED PAYROLL</u>
2006	2008	0.46%	0.57%	1.03%	\$54,579
2007	2009	0.61%	0.63%	1.24%	\$65,706
2008	2010	0.55%	0.63%	1.18%	\$62,527
2009	2011	0.57%	0.58%	1.15%	\$71,719
2010	2012	0.56%	0.61%	1.17%	\$75,127
2011	2013	0.30%	0.82%	1.12%	\$70,110
2012	2014	0.27%	0.74%	1.01%	\$64,200
2013	2015	0.30%	0.93%	1.23%	\$71,172
2014	2016	0.32%	(0.32)%	0.00%	\$0

Health Insurance Subsidy Payments Reported for FY 2014: \$15,355

### BENEFITS

Normal retirement is the first day of the month following completion of 20 years of service or following the 62<sup>nd</sup> birthday after 15 years of service. Normal pension after 25 years of credited service is 50% of average monthly compensation for the first 20 years of credited service plus 2 1/4% of average monthly compensation for each year of credited service above 20 years. Retirement at other lengths of service vary according to the plan. The maximum compensation is 80% of the average monthly compensation. Employees are fully vested after 10 years of service.

The plan provides for disability retirement, survivors benefits, temporary disability, child's benefits, health insurance and other post employment benefits.

The plan is a multiple employer defined benefit pension plan operated by the State of Arizona for the benefit of all public safety employees in the state.

The plan issues a separate report for the entire system and annually issues an actuarial study for each participating governmental agency. These reports are available through the Arizona Public Safety Personnel Retirement System.

The facts and figures are compiled from the report provided by Gabriel Roeder Smith & Company. A complete copy of the actuarial valuation as of June 30, 2013 is available from the Arizona Public Safety Personnel Retirement System, Phoenix, Arizona or from Gabriel Roeder Smith & Company, One Towne Square, Suite 800, Southfield, MI 48076-3723.

### Date of Information

The information above reflects the most currently available information about this pension plan as of the published actuarial study for June 30, 2014 issued October 27<sup>th</sup> 2014.

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## **BULLHEAD CITY FIRE DISTRICT**

### **NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION FISCAL YEAR ENDED JUNE 30, 2015**

#### **1. BUDGETARY BASIS OF PRESENTATION**

The budget included in these financial statements represents the original budget and amendments approved by the Board of Directors. The budgetary basis is the modified accrual basis of accounting with encumbrances included as actual. Accordingly, for the purpose of comparing budgeted expenditures to actual amounts, prior and current year encumbrances have been integrated with the amounts shown on the *Statement of Revenues, Expenditures, and Changes in Fund Balances*.

Various reclassifications have been made to the actual amounts to conform to classifications included in the budget approved by the Board of Directors.

The legal level of budgetary control attributed to the Board of Directors is considered at the objective or natural classification level, presented as subtotals in the schedule of budget to actual (e.g., total revenue, total salaries and benefits, total services and supplies, etc.).

#### **2. PUBLIC SAFETY PENSION DISCLOSURE INFORMATION**

All Public Safety Pension disclosure information has been furnished by the actuary for the Districts' Public Safety Pension Fund. This information has been excerpted directly from the actuarial report and is the responsibility of the actuary.

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**OTHER SUPPLEMENTARY INFORMATION**

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**BULLHEAD CITY FIRE DISTRICT  
ANNUAL REPORT INFORMATION  
FISCAL YEAR ENDED JUNE 30, 2015**

AZ Revised Statutes (ARS) requires certain additional information be attached to the audit report to comply with ARS 48-251 & 48-253 as required to meet the requirements of the AZ "Annual Report" of Special Districts. This information is included as other supplementary information.

**REGULAR FIRE BOARD MEETINGS:**

<u>Date</u>	<u>Time</u>	<u>Location</u>
July 22, 2014	8:30 a.m.	Station #1 - 1260 Hancock Road, Bullhead City, Arizona
August 26, 2014	8:30 a.m.	Station #1 - 1260 Hancock Road, Bullhead City, Arizona
Sept 23, 2014	8:30 a.m.	Station #1 - 1260 Hancock Road, Bullhead City, Arizona
October 28, 2014	8:30 a.m.	Station #1 - 1260 Hancock Road, Bullhead City, Arizona
November 25, 2014	8:30 a.m.	Station #1 - 1260 Hancock Road, Bullhead City, Arizona
December 23, 2014	8:30 a.m.	Station #1 - 1260 Hancock Road, Bullhead City, Arizona
January 27, 2015	8:30 a.m.	City Council Chamber-1255 Marina Blvd, Bullhead City, Az
February 24, 2015	8:30 a.m.	City Council Chamber-1255 Marina Blvd, Bullhead City, Az
March 24, 2015	8:30 a.m.	City Council Chamber-1255 Marina Blvd, Bullhead City, Az
April 28, 2015	8:30 a.m.	City Council Chamber-1255 Marina Blvd, Bullhead City, Az
May 26, 2015	8:30 a.m.	City Council Chamber-1255 Marina Blvd, Bullhead City, Az
June 23, 2015	8:00 a.m.	City Council Chamber-1255 Marina Blvd, Bullhead City, Az

**BOARD MEMBERS:**

<u>Name</u>	<u>Business Phone Number</u>	<u>Occupation</u>
Matthew Rielly	928-201-7555	Director of Operations
Steven R. Buck	928-542-0700	Business Owner
James Zaborsky	928-444-8190	Business Owner
Charles Moore	928-758-3971	Retired
David Cummings	928-758-3971	Retired

**LOCATION OF POSTING OF MEETING NOTICES (all meetings):**

Bullhead City Fire Station #1	1260 Hancock Road	Bullhead City, Arizona
Bullhead City Fire Station #2	1230 Highway #95	Bullhead City, Arizona
Bullhead City Hall	2355 Trane Road	Bullhead City, Arizona

**LEGAL DESCRIPTION OF BOUNDARY CHANGES:**

None

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**BULLHEAD CITY FIRE DISTRICT**  
**GOVERNMENT AUDIT STANDARDS SECTION**

**June 30, 2015**

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**BULLHEAD CITY FIRE DISTRICT  
BULLHEAD CITY, ARIZONA**

**GOVERNMENT AUDIT STANDARDS SECTION  
JUNE 30, 2015**

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International Association of Certified Fraud Examiners

Arizona Association of Licensed Private Investigators  
Arizona Association of Certified Fraud Examiners

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Members of the Board  
Bullhead Fire District  
Bullhead, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bullhead Fire District, Bullhead, Arizona, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 28, 2015.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the district's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the district's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Independent Auditor's Report on Internal Control...

June 30, 2015

Page 2

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Saunders Company, Ltd.***

Glendale, Arizona  
December 28, 2015

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Arizona Association of Licensed Private Investigators  
AICPA Government Audit Quality Center

International Association of Certified Fraud Examiners  
Arizona Association of Certified Fraud Examiners

## INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH ARS 48-805.02

To the Governing Board  
Bullhead Fire District  
Bullhead, Arizona

We have examined management's assertion that the Bullhead Fire District has complied with Arizona Revised Statutes (ARS) 48-805.02(F) for the year ended June 30, 2015. This statute requires the District to comply with ARS 48-805 (B)(2), 48-806 and 48-807. These requirements relate to debt and liabilities incurred by the District. The District's management is responsible for the assertion and compliance with the provisions of these statutes. Our responsibility is to express an opinion on the assertion based on our examination.

Our examination as conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the District's compliance with the statutes referred to above and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In connection with our examination, nothing came to our attention that caused us to believe that the District's assertion of compliance with these statutes was inaccurate or that the District failed to comply with the provisions of ARS sections 48-805 (B)(2), 48-806, 48-807 and 48-805.02(F) as required, insofar as it relates to accounting matters. However, our examination was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced conditions of the statute, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Governing Board and management of the District and the State of Arizona. This report is not intended to be and should not be used by anyone other than these specified parties.

*Saunders Company, Ltd.*

Glendale, Arizona  
December 28, 2015

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